

06-25-1999



101078087

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

MRP 6-21-99

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID # _____
- Correction of PTO Error
Reel # _____ Frame # _____
- Corrective Document
Reel # _____ Frame # _____

Conveyance Type

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment
Effective Date
Month Day Year

- Merger
- Change of Name
- Other _____

Conveying Party

Mark if additional names of conveying parties attached

Name Lau Acquisition Corp. (d/b/a Lau Technologies)

Execution Date
Month Day Year
6/ 10/ 99

Formerly _____

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other _____
- Citizenship/State of Incorporation/Organization _____

Receiving Party

Mark if additional names of receiving parties attached

Name BankBoston, N.A.

DBA/AKA/TA _____

Composed of _____

Address (line 1) Worcester Tower, 100 Front Street

Address (line 2) _____

Address (line 3) Worcester

Massachusetts

01608

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other _____

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

Citizenship/State of Incorporation/Organization _____

06/24/1999 DNGUYEN 00000064 75388850

FOR OFFICE USE ONLY

01 FC:481
02 FC:482

40.00 OP
50.00 OP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK
REEL: 001919 FRAME: 0127

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments. #

Trademark Application Number(s) or Registration Number(s) Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)			Registration Number(s)		
<input type="text" value="75/388,850"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,949,003"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2,031,472"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2,177,222"/>	<input type="text"/>	<input type="text"/>

Number of Properties Enter the total number of properties involved. #

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed Deposit Account

Deposit Account (Enter for payment by deposit account or if additional fees can be charged to the account.)
Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Frank S. Hamblett

6/18/99

Name of Person Signing

Signature

Date Signed

SECURITY AGREEMENT-INTELLECTUAL PROPERTY

This SECURITY AGREEMENT-INTELLECTUAL PROPERTY (this "**Agreement**") is made as of June 10, 1999, by and between (a) LAU ACQUISITION CORP., a Massachusetts corporation (d/b/a Lau Technologies)(together with its successors and assigns, the "**Borrower**"), and (b) BANKBOSTON, N.A., a national banking association (f/k/a The First National Bank of Boston)(together with its successors and assigns, the "**Lender**").

All capitalized terms not defined herein but defined in that certain First Amended and Restated Commercial Loan and Security Agreement, dated as of December 23, 1997, by and between the Borrower and the Lender, as amended by (a) that certain First Amendment to First Amended and Restated Commercial Loan and Security Agreement, dated as of December 21, 1998 (the "**First Amendment to Loan Agreement**"), by and between the Borrower and the Lender; and (b) that certain Second Amendment to First Amended and Restated Commercial Loan and Security Agreement, dated of even date herewith (the "**Second Amendment to Loan Agreement**"), by and between the Borrower and the Lender (said First Amended and Restated Commercial Loan and Security Agreement, as so amended by the First Amendment to Loan Agreement and the Second Amendment to Loan Agreement, and as the same may be hereafter further amended, modified, substituted, extended or restated, from time to time is hereinafter referred to as the "**Loan Agreement**"), shall have the meanings given to such terms in the Loan Agreement.

Preliminary Statements:

A. Pursuant to the Financing Instruments, the Lender has established a certain Revolving Line of Credit for the benefit of the Borrower; and

B. The Borrower has requested that the Lender enter into the Second Amendment to First Amended and Restated Loan Agreement which (i) extends the Maturity Date of the Revolving Line of Credit from June 30, 1999 to June 30, 2001; (ii) amends certain financial covenants of the Borrower contained in the Financing Instruments; and (iii) grants certain other financial accommodations, all to and for the benefit of the Borrower; and

C. The Lender is unwilling to enter into the Second Amendment to Loan Agreement, unless and until the Borrower has entered into, and agreed to, all of the terms and conditions of, this Agreement;

NOW, THEREFORE, in order to induce the Lender to enter into the Second Amendment to Loan Agreement, and in consideration thereof and in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower hereby agrees with the Lender as follows:

SECTION 1: DEFINITIONS; USE OF TERMS.

1.1 Definitions. As used herein, the following terms shall have the meanings given to such terms as set forth below:

"Copyrights": (a) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished (including, without limitation, those listed in **Schedule 1**

attached hereto), all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the US Copyright Office, and (ii) the right to obtain all renewals thereof.

"Copyright Licenses": any written agreement naming the Borrower as licensor or licensee (including, without limitation, those listed in Schedule 1 attached hereto), granting any right under any Copyright (including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright).

"Copyright Office": the United States Copyright Office or any other federal governmental agency which may hereafter perform its functions.

"Intellectual Property": the collective reference to all rights, title, interests, priorities and privileges relating to intellectual property, whether arising under federal, state or foreign laws or otherwise, including, without limitation, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks and the Trademark Licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom. Intellectual property shall not include any Intent-to-Use trademark applications unless and until a Statement of Use is filed and accepted with respect to such Intent-to-Use application.

"IP Collateral": as defined in Section 2.1 below.

"Licenses": collectively, the Copyright Licenses, the Patent Licenses and the Trademark Licenses.

"Negligible Economic Value": the economic value of the Intellectual Property, in the reasonable business judgment of Borrower, is such that the expense to maintain, defend, use, register, or prosecute the Intellectual Property is less than, or approximately equivalent to, the economic value received by Borrower from the Intellectual Property.

"Patents": (a) all letters patent of the United States and all reissues and extensions thereof (including, without limitation, any thereof referred to in Schedule 2 attached hereto) and (b) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof (including, without limitation, any thereof listed on Schedule 2 attached hereto).

"Patent License": all agreements, whether written or oral, providing for the grant by the Borrower of any right to manufacture, use or sell any invention covered by a Patent (including, without limitation, any thereof listed on Schedule 2 attached hereto).

"PTO": the United States Patent and Trademark Office or any other federal governmental agency which may hereafter perform its functions.

"Trademarks": (a) all trademarks, trade names, trade secrets, corporate names, company names, business names, fictitious business names, trade dress, trade styles, service marks, designs, logos and other source or business identifiers, and the goodwill of the business associated therewith, including customer lists, accounting records and manuals, sales data, license rights, advertising materials and all other business assets which uniquely reflect the goodwill of the business, now existing or hereafter adopted or acquired, all registrations

and recordings thereof, and all applications in connection therewith, whether in the PTO or in any similar office or agency of the United States, or any State thereof, or any other country (including, without limitation, all of the registered trademarks listed on Schedule 3 hereto), and (b) all renewals thereof. Trademarks, as defined herein, do not include any Intent-to-Use trademark applications, unless and until a Statement of Use is filed and accepted with respect to such Intent-to-Use application.

"Trademark License": any agreement, written or oral, providing for the grant by or to the Borrower of any right to use any Trademark (including, without limitation, any thereof listed on Schedule 3 hereto).

The following terms shall have the meanings given to such terms in the Uniform Commercial Code as in effect in The Commonwealth of Massachusetts on the date hereof (the "UCC"):

"Documents," "General Intangible," "Instruments," and "Proceeds."

1.2 Use of Terms; Schedules and Appendices. The use of the singular of terms which are defined in the plural shall mean and refer to any one of them; and pronouns used herein shall be deemed to include the singular and the plural and all genders. The use of the connective "or" is not intended to be exclusive; the term "may not" is intended to be prohibitive and not permissive; use of "includes" and "including" is intended to be interpreted as expansive and amplifying and not as limiting in any way. All schedules and appendices to this Agreement are incorporated herein.

SECTION 2: CONFIRMATION OF GRANT OF SECURITY INTEREST.

2.1 Grant of Security Interest. In furtherance and as confirmation of the security interest granted by the Borrower to the Lender under the Loan Agreement, and in order to secure further the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Borrower hereby ratifies such security interest and hereby grants to the Lender a continuing security interest in all of the present and future rights, title and interests of the Borrower in and to the following property, and each item thereof, all whether now or hereafter existing, or owned or acquired by the Borrower, or now or hereafter arising or due or to become due, together with all substitutions for, replacements of, additions to, accessions to, and products, Proceeds (including without limitation, any royalties) and records of any and all of the following (collectively, the "IP Collateral"):

(a) all Intellectual Property;

(b) all General Intangibles connected with the use of or related to any and all Intellectual Property (including without limitation, all goodwill of the Borrower and its business, products and services appurtenant to, associated with or symbolized by any and all Intellectual Property and the use thereof); and

(c) any causes of action and claims which are now or hereafter owned by the Borrower with respect to any and all of the foregoing.

2.2 Confirmation. This Agreement is being executed and delivered by the Borrower for the purpose of registering and confirming the grant of the security interest of the Lender in the IP Collateral, with the PTO and the Copyright Office. The security interest granted pursuant hereto are granted as a supplement to, and not in limitation of, the security interest granted to the Lender under the Loan Agreement. For purposes thereof, and without limiting the generality of the foregoing, the

Borrower will execute and file such short forms of Security Agreements, each in form and substance satisfactory to the Lender, as the Lender may request. The Loan Agreement (and all rights and remedies of the Lender thereunder) shall remain in full force and effect in accordance with its terms. The Borrower acknowledges and agrees that, at the time of the perfection of the Security Interest, the Lender shall have the cumulative rights in and to the IP Collateral as are provided in this Agreement, the Loan Agreement and the other Financing Instruments, and shall have the rights in and to the Collateral (other than the IP Collateral) as are provided in this Agreement, the Loan Agreement and the other Financing Instruments, subject to any restrictions in any Licenses.

SECTION 3: REPRESENTATIONS AND WARRANTIES.

The Borrower hereby represents and warrants as follows:

3.1 Title; No Other Liens. Except for the Lien granted to the Lender pursuant to this Agreement and the Permitted Encumbrances, the Borrower directly owns and possesses the right to use each item of the IP Collateral free and clear of all Liens. No security agreement, financing statement or other public notice with respect to all or any part of the IP Collateral is on file or of record in any public office, except such as may have been filed in favor of the Lender, pursuant to this Agreement or as may be permitted pursuant to the Loan Agreement.

3.2 Existing Intellectual Property. Schedule 1 hereto is a true, correct and complete list of all Registered Copyrights and Copyright Licenses owned by the Borrower in its own name as of the date hereof. Schedule 2 hereto is a true, correct and complete list of all Patents and Patent Licenses owned by the Borrower in its own name as of the date hereof. Schedule 3 hereto is a true, correct and complete list of all Trademarks and Trademark Licenses owned by the Borrower in its own name as of the date hereof. Except as set forth in Schedules 1, 2 and 3, none of the Intellectual Property is the subject of any licensing or franchise agreement pursuant to which the Borrower is the licensor or franchisor.

3.3 No Material Adverse Claims. The Borrower owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted. No material claim has been asserted and is pending by any Person challenging or questioning the use by the Borrower of any of its Intellectual Property or the validity or effectiveness of any of its Intellectual Property, nor does the Borrower know of any valid basis for any such claim, except as otherwise set forth in the Loan Agreement. Borrower considers that the use by the Borrower of the Intellectual Property does not infringe the rights of any Person in any material respect. No holding, decision or judgment has been rendered by any governmental authority which would limit, cancel or question the validity of, or the Borrower's rights in, any Intellectual Property in any respect that could reasonably be expected to have a material adverse effect on the business or property of the Borrower.

SECTION 4: COVENANTS.

The Borrower covenants and agrees as follows:

4.1 Continued Use of Trademarks. The Borrower (either itself or through any authorized licensee) will, except with respect to any Trademark that the Borrower shall reasonably determine is of Negligible Economic Value to it, (a) continue to use each material Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (b) maintain as in the past the quality of products and services offered under such

Trademark, (c) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable law, (d) not (and not permit any authorized licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated or impaired in any way.

4.2 Continued Use of Patents. The Borrower (either itself or through any authorized licensee) will not, except with respect to any Patent that the Borrower shall reasonably determine is of Negligible Economic Value to it, do or omit to do any act whereby any Patent may become abandoned or invalidated.

4.3 Continued Use of Copyrights. The Borrower (either itself or through any authorized licensee) will not (and will not permit any authorized licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material portion of the Copyrights may become invalidated or impaired in any way. The Borrower (either itself or through any authorized licensee) will not, except with respect to any Copyright that the Borrower shall reasonably determine is of Negligible Economic Value to it, do any act or knowingly omit to do any act whereby any material portion of the Copyrights may fall into the public domain.

4.4 Notice of Adverse Final Determinations. The Borrower will notify the Lender immediately if it knows, or has reason to know, that any application or registration relating to any material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the PTO, the Copyright Office or any court or tribunal in any country) regarding the Borrower's ownership of, or the validity of, any material Intellectual Property or the Borrower's right to register the same or to own and maintain the same.

4.5 Future Registrations. Whenever the Borrower, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the PTO (except any Intent-to-Use trademark applications), the Copyright Office or any similar office or agency in any other country or any political subdivision thereof, the Borrower shall report such filing to the Lender within ten (10) days after the last day of the fiscal quarter in which such filing occurs. Upon the reasonable request of the Lender, the Borrower shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Lender may request to evidence the Lender's security interest in any Copyright, Patent or Trademark and the goodwill and General Intangibles of the Borrower relating thereto or represented thereby (including without limitation, filings with the PTO, the Copyright Office or any similar office), and the Borrower hereby constitutes the Lender as its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest is irrevocable until the Obligations are paid in full in cash and the Lender has no obligation to make any Loans.

4.6 Maintenance of Registrations. The Borrower will, except with respect to any Intellectual Property that the Borrower shall reasonably determine is of Negligible Economic Value to it, take all reasonable and necessary steps, including, without limitation, in any proceeding before the PTO, the Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the material Intellectual Property, including, without limitation, filing of statements of use, extensions to file statements of use, applications for renewal, affidavits or declarations of use and affidavits or declarations of incontestability.

4.7 Defense of IP Collateral. In the event that any Intellectual Property included in the IP Collateral is infringed, misappropriated or diluted by a third party, the Borrower shall promptly notify the Lender after it learns thereof and shall, unless the Borrower shall reasonably determine that such Intellectual Property is of Negligible Economic Value to the Borrower, which determination the Borrower shall promptly report to the Lender, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as the Borrower shall reasonably deem appropriate under the circumstances to protect such Intellectual Property.

SECTION 5: LENDER'S APPOINTMENT AS ATTORNEY-IN-FACT.

5.1 Appointment and Powers. The Borrower hereby irrevocably constitutes and appoints the Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Borrower and in the name of the Borrower or in its own name, from time to time in the Lender's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, the Borrower hereby gives the Lender the power and right, on behalf of the Borrower, and at the Borrower's sole cost and expense, without notice to or assent by the Borrower (except as set forth below), to do the following:

(a) to supplement and amend from time to time Schedules 1, 2 and 3 of this Agreement to include any new or additional Trademarks, Patents, Copyrights and Licenses of the Borrower; and

(b) in each case, to the extent not paid, performed, discharged or effected by the Borrower as required by this Agreement or the Loan Agreement, to pay or discharge taxes and Liens levied or placed on or threatened against the IP Collateral, to effect any repairs or any insurance called for by the terms of this Agreement and to pay all or any part of the premiums therefor and the costs thereof; and

(c) at any time when an Event of Default shall have occurred and be continuing, (i) to direct any party liable for any payment under any of the IP Collateral to make payment of any and all moneys due or to become due thereunder directly to the Lender or as the Lender shall direct; (ii) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any IP Collateral; (iii) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the IP Collateral; (iv) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the IP Collateral or any part thereof and to enforce any other right in respect of any IP Collateral; (v) to defend any suit, action or proceeding brought against the Borrower with respect to any IP Collateral; (vi) to settle, compromise or adjust any suit, action or proceeding described in clause (v) above and, in connection therewith, to give such discharges or releases as the Lender may deem appropriate; (vii) to assign, or grant licenses with respect to, any Copyright, Patent or Trademark (along with all the goodwill of the business to which any such Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Lender shall in its sole discretion determine; (viii) in the exercise of its rights under this Section 5, to use any

and all IP Collateral, if practicable and only to the extent permitted by agreements relating thereto and applicable laws, to the extent of the rights of the Borrower therein, and the Borrower hereby grants a license to the Lender for such purpose; (ix) to execute, at any time and from time to time, and in connection with the sale provided for in Section 6 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the IP Collateral; and (x) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the IP Collateral as fully and completely as though the Lender were the absolute owner thereof for all purposes, and to do, at the Lender's option and the Borrower's expense, at any time, or from time to time, all acts and things which the Lender deems necessary to protect, preserve or realize upon the IP Collateral and the Lender's Liens thereon and to effect the intent of this Agreement, all as fully and effectively as the Borrower might do.

(d) Nothing in this Section allows the Lender to take any action which will jeopardize Borrower's rights under any License.

5.2 Ratification and Indemnification Under Power of Attorney. In connection with all powers of attorney set forth in this Agreement, the Lender shall have full power to exercise such powers as fully and effectually as the Borrower might or could do; the Borrower agrees that the Lender shall not be obligated to exercise any of the powers authorized herein, and shall be free to exercise or refrain from exercising any of such powers at any time or times in its absolute discretion, and, if the Lender elects to exercise any of such powers, it shall not be accountable for more than it actually receives as a result of such exercise of power, and shall not be responsible to the Borrower except for the Lender's gross negligence, actual bad faith or willful misconduct; and all powers conferred upon the Lender by this Agreement, being coupled with an interest, shall be irrevocable until such time as all Obligations have been paid (without being subject to or susceptible of recovery by any Person) or performed and the Lender's agreement, if any, to make advances has terminated.

5.3 Performance By Lender of Borrower's Obligations. If the Borrower fails to perform or comply with any of its agreements contained herein and the Lender, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with any agreement, the expense of the Lender incurred in connection with such performance or compliance, together with interest thereon at the Default Interest Rate, shall be payable by the Borrower to the Lender on demand and shall constitute Obligations secured hereby.

SECTION 6: RIGHTS AND REMEDIES.

6.1 General. Upon the occurrence and during the continuance of any Event of Default, and in addition to all other rights and remedies of the Lender, whether under the Loan Agreement, the other Financing Instruments, applicable law or otherwise (all such rights and remedies being cumulative, not exclusive, and enforceable alternatively, successively or concurrently, without notice to or consent by the Borrower except as expressly provided otherwise herein), the Lender's rights and remedies with respect to the IP Collateral shall include but not be limited to the following, without payment of royalty or compensation of any kind to the Borrower (except as expressly provided otherwise herein):

(a) the Lender may exercise, in respect of the IP Collateral, all the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected IP Collateral);

(b) the Lender may license or sublicense, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, without any royalties to the Borrower, any of the IP Collateral, throughout the world for such term or terms, on such conditions, and in such manner, as the Lender shall in its sole discretion determine, and subject to any License restrictions;

(c) the Lender may (without assuming any obligations or liability thereunder), at any time, enforce (and shall have the exclusive right but not the obligation to enforce) all of the rights and remedies of the Borrower under any License against the applicable licensor, licensee or sublicensee thereof and take or refrain from taking any such action, without any royalties to the Borrower; and

(d) in addition to the foregoing, in order to implement the assignment, sale, transfer or other disposition of any of the IP Collateral pursuant to this Section 6.1, the Lender may, pursuant to the authority granted in the powers of attorney provided in Section 5 of this Agreement and in the Loan Agreement, execute and deliver on behalf of the Borrower one or more instruments of assignment of the IP Collateral, in form suitable for filing, recording or registration in any jurisdiction or country.

Effective upon the occurrence and during the continuance of any Event of Default, the Borrower hereby grants to the Lender a non-exclusive, irrevocable, royalty-free license to use the IP Collateral to the extent reasonably necessary to permit the Lender to exercise any or all of its rights and remedies under this Agreement and the other Financing Instruments (including without limitation, the right to sell and dispose of any or all of the IP Collateral (or any inventory utilizing such IP Collateral or portion thereof).

6.2 Assignments. Upon the occurrence and during the continuance of any Event of Default, the Borrower shall promptly execute and deliver to the Lender, at the Borrower's sole cost and expense, any and all assignments of the IP Collateral which the Lender may request in order to transfer to the Lender or its nominee the exclusive right to own and use the IP Collateral, free and clear of any Liens (other than Permitted Encumbrances). The Borrower agrees that any such assignment shall be applied to reduce the Obligations outstanding only to the extent that the Lender actually receives cash proceeds in respect of the assignment, sale or disposition of, or other realization upon, the IP Collateral.

6.3 Deficiency. The Borrower shall remain liable for any deficiency if the proceeds of any sale or other disposition of the IP Collateral are insufficient to pay the Obligations and the reasonable fees and disbursements of any attorneys employed by the Lender to collect such deficiency.

SECTION 7. MISCELLANEOUS.

7.1 Survival of Covenants; Binding Effect. All agreements, representations, covenants and warranties made by the Borrower in this Agreement, the other Financing Instruments, or in any certificate or other document delivered to the Lender in connection herewith shall survive the termination of this Agreement and survive the execution and delivery of this Agreement, and shall remain in full force and effect until all Obligations to the Lender have been paid in full and satisfied, and the security interest, Lien and rights granted to the Lender in any IP Collateral and its rights and remedies hereunder and under the other Financing Instruments shall continue in full force and effect, notwithstanding the fact that Loans may, from time to time, be in a zero or credit position, until all Obligations have been satisfied. All the terms and provisions of this Agreement and the other

Financing Instruments shall be binding upon, inure to the benefit of and be enforceable by and against the parties hereto and their respective successors and assigns.

7.2 Prior Discussions; Amendments in Writing; Counterparts. This Agreement and all other Financing Instruments incorporate all discussions and negotiations between the Borrower and the Lender, either express or implied, concerning the matters included herein and therein, any custom, usage or other writing to the contrary notwithstanding. No such discussions or negotiations shall limit, modify, or otherwise affect the provisions of the Financing Instruments. This Agreement may be amended or modified only in writing signed by the parties hereto, and in the case of the Lender signed by a duly authorized officer thereof. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but such counterparts together shall constitute one and the same instrument. Any proof of this Agreement shall require production of only one such counterpart.

7.3 Destruction of Documents; Receipt of Copy. This Agreement and all other Financing Instruments may be reproduced by the Lender by any photographic, photostatic, microfilm, or similar process, and the Lender may destroy the original from which any document was so reproduced. Any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business). The Borrower acknowledges receipt of a true, correct and complete copy or counterpart of this Agreement.

7.4 Notices. All notices required or permitted hereunder shall be in writing and delivered in accordance with the provisions of the Loan Agreement.

7.5 Application of Proceeds. Subject to the provisions of the Loan Agreement, the Lender shall apply (or change any application previously made of) the proceeds of any collection, sale or other disposition of the IP Collateral, or of any other payments received hereunder, toward the Obligations in such order and manner as the Lender, in its sole discretion, shall determine, any statute (the application of which may be waived or modified by agreement), customs or practices to the contrary notwithstanding. The Borrower shall remain liable to the Lender for any deficiency remaining following such application.

7.6 Severability. If any provision of this Agreement or any of the other Financing Instruments, or any portion of such provision, or the application thereof to any Person or circumstance, shall to any extent be prohibited or held invalid or unenforceable, the remainder of this Agreement and the other Financing Instruments or the remainder of such provision and the application thereof to other Persons or circumstances (other than those as to which it is prohibited or held invalid or unenforceable) shall not be affected thereby, and each term and provision hereof and of the other Financing Instruments shall be valid and enforced to the fullest extent permitted by law. To the extent permitted by law, the parties hereto waive any provision of law which renders any such provision or the application thereof to any Person or circumstance prohibited, invalid or unenforceable in any respect.

7.7 Headings. Headings appearing in this Agreement are intended for convenience only and do not constitute, and shall not be interpreted to be, a part of this Agreement.

7.8 Waiver of Jury Trial. THE BORROWER AND THE LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS

CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

7.9 Governing Law; Jurisdiction. This Agreement is executed and delivered under seal and shall be construed in accordance with and governed by the laws of The Commonwealth of Massachusetts, without giving effect to the conflict of law provisions thereof. The Borrower submits itself to the non-exclusive jurisdiction of the Courts of The Commonwealth of Massachusetts for all purposes with respect to the Financing Instruments and the Borrower's relationship with the Lender.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and delivered under their seals by their duly authorized officers as of the date first above written.

WITNESS:

LAU ACQUISITION CORP.
(d/b/a Lau Technologies)

Cheryl A. Daigle
Name:

By: Paul T. Principato
Paul T. Principato, Treasurer

WITNESS:

BANKBOSTON, N.A.
(f/k/a The First National Bank of Boston)

Name:

By: _____
G. Christopher Miller, Director

CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

7.9 Governing Law; Jurisdiction. This Agreement is executed and delivered under seal and shall be construed in accordance with and governed by the laws of The Commonwealth of Massachusetts, without giving effect to the conflict of law provisions thereof. The Borrower submits itself to the non-exclusive jurisdiction of the Courts of The Commonwealth of Massachusetts for all purposes with respect to the Financing Instruments and the Borrower's relationship with the Lender.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and delivered under their seals by their duly authorized officers as of the date first above written.

WITNESS:

LAU ACQUISITION CORP.
(d/b/a Lau Technologies)

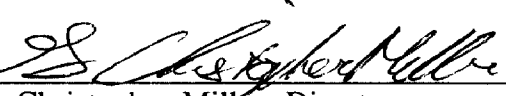
Name:

By: _____
Paul T. Principato, Treasurer

WITNESS:

BANKBOSTON, N.A.
(f/k/a The First National Bank of Boston)

Name:

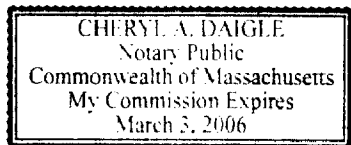
By: 
G. Christopher Miller, Director

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

June 4, 1999

Then personally appeared the above-named Paul T. Principato, as Treasurer of Lau Acquisition Corp. (d/b/a Lau Technologies), and acknowledged the foregoing instrument to be his free act and deed and the free act and deed of Lau Acquisition Corp. (d/b/a Lau Technologies), before me.



Cheryl A. Daigle

Notary Public
My commission expires:
[AFFIX NOTARIAL SEAL]

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

June __, 1999

Then personally appeared the above-named G. Christopher Miller, as Director of BankBoston, N.A. (f/k/a The First National Bank of Boston), and acknowledged the foregoing instrument to be his free act and deed and the free act and deed of BankBoston, N.A. (f/k/a The First National Bank of Boston), before me.

Notary Public
My commission expires:
[AFFIX NOTARIAL SEAL]

COMMONWEALTH OF MASSACHUSETTS

_____, ss.

June __, 1999

Then personally appeared the above-named Paul T. Principato, as Treasurer of Lau Acquisition Corp. (d/b/a Lau Technologies), and acknowledged the foregoing instrument to be his free act and deed and the free act and deed of Lau Acquisition Corp. (d/b/a Lau Technologies), before me.

Notary Public
My commission expires:
[AFFIX NOTARIAL SEAL]

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

June 10, 1999

Then personally appeared the above-named G. Christopher Miller, as Director of BankBoston, N.A. (f/k/a The First National Bank of Boston), and acknowledged the foregoing instrument to be his free act and deed and the free act and deed of BankBoston, N.A. (f/k/a The First National Bank of Boston), before me.

G. Christopher Miller

Notary Public
My commission expires: *May 18, 2001*
[AFFIX NOTARIAL SEAL]

SECURITY AGREEMENT-INTELLECTUAL PROPERTY

by and between

LAU ACQUISITION CORP.
(d/b/a Lau Technologies)
(the "**Borrower**")

and

BANKBOSTON, N.A.
(f/k/a The First National Bank of Boston)
(the "**Lender**")

List of Copyrights and Copyright Licenses

Schedule 1

1. **Copyrights.**

U.S. Registered Copyrights or Applications therefor. The following copyrights registered with, and the following copyright applications pending with, the United States Copyright Office, are owned by the Borrower:

<u>Title</u>	<u>Serial No.</u>	<u>Registration No.</u>	<u>Date of Registration</u>
NONE			

2. **Copyright Licenses.** The following is a list of all of the Borrower's Copyright Licenses:

NONE

SECURITY AGREEMENT-INTELLECTUAL PROPERTY

by and between

LAU ACQUISITION CORP.
(d/b/a Lau Technologies)
(the "**Borrower**")

and

BANKBOSTON, N.A.
(f/k/a The First National Bank of Boston)
(the "**Lender**")

List of Patents and Patent Licenses

Schedule 2

1. Patents.

1.1 U.S. Issued Patents or Applications therefor. The following patents issued by, and the following patents applications pending with, the United States Patent and Trademark Office, are owned by the Borrower:

	<u>Title</u>	<u>Serial No.</u>	<u>Patent No.</u>	<u>Date of Filing</u>	<u>Date of Issuance</u>
(a)	Apparatus for Coupling Multiple Data Sources Onto a Printed Document	08/262,552	5,757,431	6/20/94	5/26/98
(b)	Apparatus for Coupling Multiple Data Sources Onto a Printed Document	08/486,958	5,771,071	6/07/95	6/23/98
(c)	Apparatus for Coupling Multiple Data Sources Onto a Printed Document	09/103,055	Pending	6/23/98	
(d)	Systems and Methods for Recording Data	08/316,041	5,646,388	9/30/94	7/08/97
(e)	Systems and Methods for Recording Data	08/795945	5,886,334	2/05/97	3/23/99

	<u>Title</u>	<u>Serial No.</u>	<u>Patent No.</u>	<u>Date of Filing</u>	<u>Date of Issuance</u>
(f)	Systems and Methods for Identifying Images	08/879,471, cn of 08/408,517	Pending	2/03/99	
(g)	Real-Time Facial Recognition And Verification System	09/293,246	Pending	4/16/99	
(h)	Method And System For Clustering Images In A Reference Set For Pattern Recognition	09/293,688	Pending	4/16/99	
(i)	Feature Identification Imaging System	09/059032	Pending	4/13/98	
(j)	Method And System For Eliminating Unwanted Shadows On A Subject In A Facial Recognition System	09/133221	Pending	8/13/98	
(k)	Real Time Facial And Verification System	09/119485	Pending	7/20/98	

1.2 Non-U.S. Registered Patents or Applications therefor. The following patents issued by, and the following patent applications pending with, an office or agency of the country noted below, are owned by the Borrower:

	<u>Title</u>	<u>Country</u>	<u>Serial No.</u>	<u>Patent No.</u>	<u>Date of Issuance</u>
(a)	Apparatus for Coupling Multiple Data Sources Onto a Printed Document	Canada	2193211	2,193,211	1/05/99
(b)	Apparatus for Coupling Multiple Data Sources Onto a Printed Document	China	95194687.0	Pending	
(c)	Apparatus for Coupling Multiple Data Sources Onto a Printed Document	Europe	95924000.3	Pending	
(d)	Apparatus for Coupling Multiple Data Sources Onto a Printed Document	Japan	08-502563	Pending	

	<u>Title</u>	<u>Country</u>	<u>Serial No.</u>	<u>Patent No.</u>	<u>Date of Issuance</u>
(e)	Apparatus for Coupling Multiple Data Sources Onto a Printed Document	Korea	707388/96	197305	2/24/99
(f)	Systems and Methods for Recording Data	Canada	2201345	Pending	
(g)	Systems and Methods for Recording Data	China	95196341.4	Pending	
(h)	Systems and Methods for Recording Data	Europe	9593 6252.6	Pending	
(i)	Systems and Methods for Recording Data	Japan	08-512127	Pending	
(j)	Systems and Methods for Recording Data	Korea	702130/97	Pending	
(k)	Systems and Methods for Identifying Images	Canada	2215942	Pending	
(l)	Systems and Methods for Identifying Images	China	96194018.2	Pending	
(m)	Systems and Methods for Identifying Images	Europe	96 90 7925.0	Pending	
(n)	Systems and Methods for Identifying Images	Japan	08-528437	Pending	
(o)	Systems and Methods for Identifying Images	Korea	706522/97	Pending	

2. **Patent Licenses.** The following is a list of all of the Borrower's Patent Licenses:

Certain license agreements of the Borrower which are more particularly described in that letter, dated of June 10, 1999, from the Borrower to the Lender.

SECURITY AGREEMENT-INTELLECTUAL PROPERTY

by and between

LAU ACQUISITION CORP.
(d/b/a Lau Technologies)
(the "**Borrower**")

and

BANKBOSTON, N.A.
(f/k/a The First National Bank of Boston)
(the "**Lender**")

List of registered Trademarks and Trademark Licenses

Schedule 3

1. Trademarks.

1.1 U.S. Registered Trademarks or Applications therefor. The following trademarks registered with, and the following trademark applications pending with, the United States Patent and Trademark Office, are owned by the Borrower:

	<u>Trademark</u>	<u>Serial No.</u>	<u>Registration No.</u>	<u>Date of Registration</u>
(a)	Lau Technologies	74/637,635	1,949,003	January 16, 1996
(b)	Sensor Mast	74/637,633	2,031,472	January 21, 1997
(c)	Viisage Technology	75/081,244	2,177,222	July 28, 1998
(d)	Lau Technologies and Design	75/388,850		

1.2 State Registered Trademarks or Applications therefor. The following trademarks registered with, and the following trademark applications pending with, the State office or agency noted below, are owned by the Borrower:

<u>Trademark</u>	<u>Serial No.</u>	<u>Registration No.</u>	<u>Date of Registration</u>
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NONE

1.3 Non-U.S. Registered Trademarks or Applications therefor. The following trademarks registered with, and the following trademark applications pending with, an office or agency of the country noted below, are owned by the Borrower:

<u>Trademark</u>	<u>Serial No.</u>	<u>Registration No.</u>	<u>Date of Registration</u>
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NONE

2. Trademark Licenses. The following is a list of all of the Borrower's Trademark Licenses:

NONE

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